



**North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities,  
and Substance Abuse Services**

3001 Mail Service Center • Raleigh, North Carolina 27699-3001

Tel 919-733-7011 • Fax 919-508-0951

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Michael Moseley, Director

October 2, 2006

**MEMORANDUM**

TO: LME Directors  
FROM: Mike Moseley *MM*  
SUBJECT: Funds to Support Public Psychiatry

As you know, we have been trying for a number of years to identify ways to ensure the availability of psychiatric services in the public system. One of my first acts when I became Division Director in 2004 was to urge LMEs not to divest of psychiatry due to the very real fear that divested psychiatrists would leave the state or otherwise discontinue service to public sector consumers. We recognize that psychiatric services are expensive and that, in general, LMEs and providers have had to subsidize that service with other funds. For the past several years, we have supported LME's requests to realign funds within their existing budgets to cover the additional cost.

We believe that two new actions that are effective this fiscal year will begin to provide a permanent solution to the problem of adequately funding psychiatric services. As you know, effective July 1, 2006, the Division of Medical Assistance increased the reimbursement rates for three key psychiatric services (see Implementation Update # 11, dated July 10, 2006). In addition, the General Assembly has appropriated \$2.5 million in funding that will be used to help offset the unreimbursed cost of psychiatrists serving public sector consumers.

The \$2.5 million will be allocated to LMEs on the poverty per capita basis. Those allocations letters will be processed individually in accordance with the Division's normal community funds allocation process. LMEs will be able to earn these funds on behalf of psychiatrists serving Medicaid and state-funded consumers employed by the LME or employed by the LME's contract agencies. The attached document outlines the two new codes IPRS codes and the maximum default reimbursement rates we have established for each code for this purpose. You will note that, in keeping with our public policy direction to encourage consultation by psychiatrists with primary care physicians and other clinicians, the default rate for the consultation code (YP852) is significantly higher than the rate for the administrative activities code (YP851). We are hopeful that this new consultation code will not only provide us with a mechanism for reimbursing this important activity, but also provide us with some very useful data on how much of this activity is occurring throughout the system.

We are confident that this additional resource will be very helpful to LMEs and their contract agencies as you seek to continue to provide critical psychiatric services to the consumers we are responsible for serving. I would like to thank Dr. Michael Lancaster and the Division workgroup he chaired, which included representation from LME directors and LME staff, for their work to develop the attached procedures and processes.

cc: Secretary Carmen Hooker Odom  
Allen Dobson, MD  
Executive Leadership Team  
Management Leadership Team  
Yvonne Copeland

Patrice Roesler  
MH Commission Chair  
Coalition 2001 Chair  
Kory Goldsmith  
Debbie Crane



## **Billing Process for State Funds to Support Public Psychiatry Codes Y851/Y852**

Billing for state funds dedicated to support public psychiatry in the LME or community service delivery system:

1. The LME will establish a "dummy" client number associated with the Adult Mental Health Community Enhancement Program (AMCEP) population group for billing. New codes developed for billing are:
  - YM851 (Administrative Functions) - chart reviews, UM reviews, service orders, etc., default rate \$25.00/15 minute unit.
  - YM852 (Consultation/Service Functions) - primary care physician consultations, consultations with other clinicians regarding cases, program consultation, etc., default rate \$35.00/15 minute unitThese codes **may only be billed for psychiatrists**. The system will check that the attending provider has the correct type and specialty
2. Psychiatrist's time records including submission of event tickets or SAL's will be considered sufficient for documentation during the first fiscal year of implementation. Services by date of service will need to be billed on the standard 837 with the psychiatrist as the Attending Provider (having been established in the system by type and specialty) and this "dummy" client number. Each LME will determine documentation necessary for dispersal of funds to community psychiatrists.
3. As with other state-only services, the LME may request the establishment of provider-specific rates for psychiatrists determined eligible to bill by the LME by contacting the Division's Budget Office.
4. The funds allocated for the purpose of covering a portion of the unreimbursed cost of psychiatrists may not be earned by other IPRS codes; conversely, these new codes will not earn funds from any other funding allocation.
5. Earnings by LME will be monitored every two months and any necessary reallocations will be made early in the fourth quarter of SFY 2007.

**LME Poverty Estimates (2000 Census)**

1	2	3	4
LME	Persons in Poverty	% of State Total in Poverty	Poverty \$3.0 m
Mecklenburg	62,652	6.54%	196,060
Sandhills	62,162	6.48%	194,526
Southeastern Regional	53,360	5.57%	166,982
Piedmont	53,072	5.54%	166,081
Western Highlands	52,277	5.45%	163,593
Wake	47,685	4.97%	149,223
Eastpointe	44,580	4.65%	139,506
Guilford	43,227	4.51%	135,272
CenterPoint	39,673	4.14%	124,151
Pathways	38,521	4.02%	120,546
Five County	36,474	3.80%	114,140
Cumberland	36,391	3.80%	113,880
Southeastern	34,969	3.65%	109,430
Alamance-Caswell-Rock.	29,012	3.03%	90,789
Durham	28,557	2.98%	89,365
Pitt	26,001	2.71%	81,366
Foothills	24,840	2.59%	77,733
Orange-Person-Chatham	24,264	2.53%	75,930
Onslow-Carteret	23,185	2.42%	72,554
Smoky Mountain	22,946	2.39%	71,806
Crossroads	22,162	2.31%	69,353
Edgecombe-Nash	22,161	2.31%	69,349
New River	21,818	2.28%	68,276
Tideland	18,423	1.92%	57,652
Wilson-Greene	16,917	1.76%	52,939
Albemarle	15,402	1.61%	48,198
Johnston	15,399	1.61%	48,189
Roanoke-Chowan	14,942	1.56%	46,759
Neuse	14,907	1.55%	46,649
Catawba	12,688	1.32%	39,705
STATE TOTAL	958,667		3,000,000

\* Number of individuals in poverty data from Bob Coats, NC State Data Center, based on 2000 Census.